

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COLUMBIA GAS OF)	
KENTUCKY, INC. FOR AN ORDER ISSUING A)	
CERTIFICATE OF PUBLIC CONVENIENCE AND)	CASE NO. 96-128
NECESSITY TO CONSTRUCT THE FRANKFORT)	
SERVICE CENTER)	

O R D E R

On March 29, 1996, Columbia Gas of Kentucky, Inc. ("Columbia") filed its application requesting a certificate of public convenience and necessity for authority to construct a new building and customer service facility on 3 acres in the Industrial Park on Hoover Drive, in Frankfort, Kentucky. The proposed service center will be 4,500 square feet, and will consist of administrative offices, a warehouse, and storage area. The proposed facilities will serve customers in Frankfort, Versailles, and Midway, Kentucky. Services currently provided to customers in Versailles and Midway from Columbia's Lexington office will be relocated.

Columbia wishes to combine its two existing offices, in part, since the Holmes Street building is located in the floodplain and has deteriorated. Currently the Frankfort service center provides service for 11,150 customers. The proposed service center will add service for the 4,100 customers in Versailles and Midway. The shift of services will reduce costs and improve field operations efficiency. Columbia stated that over

\$565,000 in savings is projected for 1997 by separating the Lexington and Frankfort operations.

The estimated cost of the proposed service center is \$478,000 and the projected annual operating cost is \$20,377. The existing facilities will be sold once the new office is completed, and have been appraised for \$179,000 and \$177,000. Columbia will finance the cost of the proposed service center with 50 percent equity and 50 percent long-term debt.

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that:


1. Columbia's existing facilities in Frankfort, Kentucky are not adequate to provide efficient service to its customers.
2. The proposed service center is reasonable and necessary to provide service to Frankfort, Versailles, and Midway, Kentucky.
3. The proposed service center will not result in an excessive investment in facilities and unnecessary duplication of services.
4. Columbia should be granted a certificate of convenience and necessity to construct the Frankfort service center described in its application.
5. No change should be made in the design or scope of the proposed facilities except upon prior Commission approval. Any filing for approval of such a change should be supported by all necessary documentation.
6. Within 60 days of completion of construction, Columbia should file documentation of the final cost of the facilities.

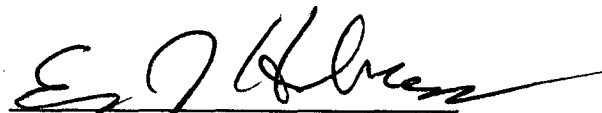
IT IS THEREFORE ORDERED that:

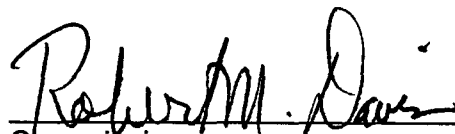
1. Columbia be and it is hereby granted a certificate of public convenience and necessity to construct the Frankfort service center described in its application.
2. Columbia shall comply with the requirements set forth in Findings No. 5 and 6 as if they were individually so ordered.

Done at Frankfort, Kentucky, this 26th day of June, 1996.


PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director